

MINUTES OF THE 94TH MEETING OF THE BOARD OF DIRECTORS.

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	Karachi	31st December, 1988	10-30 AM

In pursuance of the notice dated 12th December, 1988 the 94th Meeting of the Board of Directors was held on Saturday, the 31st December, 1988 at 10-30 a.m. at the Principal Office at Karachi. The following attended the meeting :-

1. Mr. M.A.M. Siddiqui, Chairman.
2. Dr. A.H. Khan, Director.
3. Mr. Nisar-un-Nabi, Director.
4. Mr. Samee-ul-Hasan, Director.
5. Mr. Nazier A. Jajvi, Director.

Mr. Asim S.M. Khan, DGM (RED) & Secretary Board was also present.

The agenda for the meeting was taken up and the following business was transacted :

Item No.1. CONFIRMATION OF THE MINUTES OF THE 93RD MEETING OF THE BOARD OF DIRECTORS HELD ON 21-11-1988.

The minutes of the 93rd meeting of the Board of Directors held on 21st November, 1988 were confirmed.

The Chairman informed the Board that during his visit to U.K., he permitted Mian Khurshid Alam to do new business in November and December, 1988 on the understanding that the fee for 1988 was already paid. One of the Directors pointed out that the Board's decision not to write new business in U.K. remained in force and the London Office should not have been allowed to resume new business till the decision of the Board was revised. Some other Directors pointed out that the Ministry of Commerce had informed Mian Khurshid Alam that State Life was advised to keep the decision of the Board pending till examination of the issue by the Ministry. This has created a situation where it could not be said with certainty as to what was the position. The Chairman further informed the Board that he would be submitting his report on the U.K. Branch very shortly.

Item No.2. TO RECORD THE MINUTES OF THE FOLLOWING MEETINGS OF THE EXECUTIVE COMMITTEE.

The Board recorded the minutes of the following meetings of the Executive Committee :-

- a) 131st Meeting of the Executive Committee held on 25th August, 1988.
- b) 132nd (Emergent) Meeting of the Executive Committee held on 1st October, 1988.

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Item No.3. BUDGET ESTIMATES FOR 1989 AND REVISED BUDGET ESTIMATES FOR 1988.
ED (F&A)'s Memorandum No.73/88.

The Executive Director (F&A) placed before the Board the Revenue and Capital Budget estimates of the Corporation for 1989 and the Revised budget estimates for the year 1988. The Board appreciated the fact that First Year Premium Income had gone up by 31.4% upto November, 1988 and the growth rate of 29.1% expected to be achieved in 1988 would surpass the target of 25%. However, the renewal premium income for 1988 was not likely to show the growth rate as envisaged in the Budget and the estimates of collection of renewal premium have been revised downwards from Rs.1577.9 million to Rs.1449.2 million. As regards the budget estimates for 1989, the Board approved the target of 25% growth in FYP. Proposed persistency rate of 74% and 90% for 2nd year and 3rd year and over respectively were also approved. Growth rate for Group Premium has been estimated at 12.5% while the quantum of premium for National Accidental Death Insurance Scheme has been kept frozen at 1988 level of Rs.390.2 million.

The Board expressed concern over the declining persistency rates and sharply rising trend in medical expenses. The Board directed as under:-

- i. The Persistency Committee should submit its report for consideration by the Board in its next meeting.
- ii. The General Manager, Computer Division, should be asked to analyse Auto-Surrenders and to investigate its erratic trend showing abnormal rise in some years.
- iii) The Medical Consultants should be asked to be more stringent and vigilant.
- iv) Medical expenses of Principal Office and Zones should be analysed and wide variations, if any, should be investigated and placed before the Board.

After detailed discussion, the Board approved the revised budget estimates for 1988 and the budget estimates for 1989 and the Capital Budget for 1989 as under :

(Rupees in Million)

	Budget Estimates 1988	Revised Budget Estimates 1988	Budget Estimates for 1989
A. INCOME			
First Year Premium	657.000	648.253	810.844
Renewal Premium	1577.699	1449.150	1783.942
Annuity & Single Premium	1.550	1.862	1.800

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	Budget Estimates 1988	Revised Budget Estimates 1988	Budget Estimates for 1989
Group Premium	484.673	499.618	561.976
National Accidental Death Scheme	390.200	390.200	390.200
TOTAL PREMIUM INCOME:	3111.122	2989.083	3548.762
Interest on Loan/APL	63.685	65.073	63.898
Miscellaneous Income	18.397	0.400	0.815
Interest & Dividend (Gross)	1230.357	1225.558	1426.499
Rental Income (Gross)	61.050	76.050	72.187
TOTAL PREMIUM INCOME:	1373.489	1367.081	1563.399
B. POLICY PAYMENTS			
Death Claims	127.115	120.231	141.554
Maturity Claims	452.799	419.319	472.900
Surrenders	154.465	166.457	210.000
Cash Bonus	1.100	1.100	1.200
Group Claims	569.150	581.878	628.637
Profit Commission	113.246	113.814	126.065
Annuities	1.542	1.592	1.817
TOTAL POLICY PAYMENTS:	1419.417	1404.391	1582.173
C. PAYMENT TO FIELD WORKERS			
First Year Commission	249.664	246.935	308.196
First Year Over- riding Commission	229.951	227.440	283.810
Renewal Commission	70.996	65.212	80.277
Renewal O/R Commission	31.554	28.983	35.679
Production Bonus to Area Managers	19.710	19.495	24.325
Field Prizes & Awards			
i. First Year Premium	5.708	5.481	7.061
ii. Renewal Premium	1.650	1.591	2.037
Field Group Insurance	5.256	5.052	6.499
Field Medical Expenses	7.886	7.579	9.749
Cash Compensation in lieu of Allied Facilities	22.866	27.784	35.742
Group Commission	2.666	2.525	3.090
Prizes & Awards Group	0.150	0.150	0.150
TOTAL PAYMENT TO FIELD WORKERS	648.056	638.227	796.615

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	Budget Estimates 1988	Revised Budget Estimates 1988	Budget Estimates for 1989
D. ADMINISTRATIVE EXPENSES			
Salaries	183.068	181.068	214.366
Travelling	15.529	15.229	18.826
Audit Fees	0.530	0.530	0.545
Medical Fees	4.812	4.812	5.829
Law Expenses	1.837	1.837	2.219
Advertisement	13.449	13.449	15.685
Printing & Stationery	9.505	9.505	11.339
Policy Stamps	4.654	4.654	5.996
Staff Welfare	26.870	26.870	30.396
Postage Telegrams & Phones	13.341	13.341	15.430
Electricity & Gas	8.017	8.017	7.958
Entertainment	1.596	1.596	1.915
Bank Charges	1.447	1.447	1.892
Conferences & Meetings	3.794	3.794	4.553
Prizes and Awards	0.560	0.560	0.543
Training Expenses	2.345	2.345	2.925
Data Processing Exp.	2.590	2.590	5.050
Miscellaneous Expenses	20.043	19.043	21.747
Rent Expenses (State Life Buildings)	14.440	14.440	16.797
Rent (other offices)	8.575	8.575	10.607
Bad Debt Expenses	0.100	0.100	--
Pension CPF & Gratuity Expenses	17.608	17.608	21.318
Depreciation	15.741	15.741	19.517
TOTAL ADMINISTRATIVE EXPENSES	370.451	367.151	435.453

The Board also authorised the Chairman/ED (F&A) to allocate the funds between various cost centres and also to make re-appropriations between different heads of account within the overall sanctioned budget.

The Board also approved the revised capital budget for 1988 and capital budget for 1989 as under :-

	Capital Budget Estimates 1988.	Revised Capital Budget 1988.	Capital Budget Estimates 1989.
Karachi	1.650	1.500	1.956
Hyderabad	0.525	0.500	0.644
Quetta	0.033	0.133	0.068

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	<u>Capital Budget Estimates 1988.</u>	<u>Revised Capital Budget 1988.</u>	<u>Capital Budget Estimates 1989.</u>
Lahore	1.650	1.700	2.658
Faisalabad	0.825	0.800	1.476
Multan	0.863	0.850	1.476
Gujranwala	0.698	0.790	1.056
Rawalpindi	1.163	1.000	1.809
Peshawar	0.360	0.350	0.827
Overseas	1.119	0.450	0.450
Group & Pensions	0.150	0.195	0.161
National Accidental Death Insurance Scheme	0.100	0.100	0.100
Principal Office	4.000	3.713	16.000
Total	<u>13.136</u>	<u>12.081</u>	<u>28.681</u>

The Board also approved Capital Expenditure on computers including amount proposed to be carried forward as under :-

- a) Purchase of Mini-Computers (Balance to be carried forward). \$ 559,475
- b) Site preparation cost (to be carried forward). Rs. 6.5 million
- c) Cost of Additional hardware. \$ 300,000
- d) Additional cost for site preparation. Rs. 3 million
- e) Personal Computers for P.O. Rs. 1.3 million

Item No.4. APPOINTMENT OF AUDITORS IN U.A.E.
ED (F&A)'s Memorandum No.74/88.

The Board approved the appointment of M/s. Sajjad Haider & Co., for the audit of State Life accounts for the year 1988 in Dubai and Abu Dhabi and also approved the audit fee of DH 12,000 and out of pocket expenses DH 1,000.

Item No.5. PROPOSAL FOR HAVING BUILDINGS FOR STATE LIFE ON OPEN PLOTS IN HYDERABAD AND SUKKUR.
ED (Inv. & RED)'s Memorandum No.75/88.

The Board considered the proposals of ED (RED & Inv.) for construction of buildings for State Life on open plots in Hyderabad and Sukkur and decided that construction should be made to accommodate the present requirements of the Zone with full sanctioned strength and allowing for 30% expansion in future.

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Item No.6. CONSTRUCTION OF PHASE-II, STATE LIFE BUILDING ON PLOT NO.7, BLUE AREA, ISLAMABAD. ED (RED & Inv.)'s Memorandum No.76/88.

The Board considered the proposal of ED (RED & Inv.) for constructing Phase-II on Plot No.7, Blue Area, Islamabad and decided to withhold construction till such time there was demand of buildings for renting in Islamabad. In the meantime, efforts should be made to obtain permission from CDA to sell this plot and when the permission is obtained the plot should be sold.

Item No.7. ANY OTHER MATTER WITH THE PERMISSION OF THE CHAIR.

- i) Review of Investment Operations during the year ending December 31, 1988. ED (Inv.)'s Memorandum No.77/88.

Consideration of the above matter was deferred.

There being no other business the Meeting ended with a vote of thanks to the Chair.

M. A. Khan
CHAIRMAN.